

UTILITIES DIVISION[199]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to Iowa Code sections 17A.4, 474.5, and 476.2, the Utilities Board (Board) gives notice that on February 10, 2017, the Board issued an order in Docket No. RMU-2016-0007, In re: Service Supplied by Gas Utilities [199 IAC Chapter 19], “Order Commencing Rule Making,” that identifies and updates or eliminates those rules the Board has determined to be outdated, redundant, or inconsistent with statutes or other administrative rules. In addition, the Board has proposed certain substantive amendments, including substantive amendments to the natural gas customer service and infrastructure investment rules.

To develop the proposed amendments, the Board sought early input from stakeholders. Stakeholder comments were filed by the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice; Black Hills/Iowa Gas Utility, LLC, d/b/a Black Hills Energy (BHE); Interstate Power and Light Company (IPL); MidAmerican Energy Company (MidAmerican); the Iowa Association of Municipal Utilities (IAMU); and Iowa Legal Aid. The Board also received joint comments from IPL, BHE, MidAmerican, and Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) specifically regarding the capital infrastructure investment automatic adjustment mechanism (i.e., Tracker) in 199—19.18(476). ITC Midwest LLC also filed an appearance in this matter to monitor the docket but did not file comments.

The Board received numerous comments from all of the parties in response to the potential changes to rule 199—19.4(476) that the Board proposed in its August 8, 2016, order requesting stakeholder comment. In response to those comments, the Board is proposing to allow utilities additional electronic communications to customers. The Board supports the adoption of electronic communications due to the convenience and lower costs of such methods. The Board also considers that certain safeguards are needed for those customers who do not have Internet access or do not desire electronic communications and for those specific types of notices that are of a more critical nature. The Board has attempted to strike a balance with the proposed amendments.

The Board is proposing to renumber the requirements in subrule 19.4(10) (renumbered herein as 19.4(11)). The Board notes that its general intent with these changes is to make the required terms of the payment agreements clearer and more readily accessible. The Board is not proposing significant changes to the requirements.

The Board is changing the references to agreements whereby a customer pays a specific amount each month that is reconciled on a periodic basis from “level payment plan” to “budget billing plan.” The Board does not consider that this change will create additional confusion or require additional definitions but welcomes additional feedback if parties have reason to believe otherwise.

The Board is proposing amendments to subrule 19.4(15) to allow the posting of the disconnection notice on a conspicuous place other than the door in situations where either the door is not accessible or where it is readily apparent that another place is the best place for such notice. The Board agrees the door should be the default option.

Currently, the Board’s rule that allowed natural gas utilities to file for approval of an automatic adjustment mechanism to recover the costs of certain capital infrastructure investments has sunsetted. Comments were filed by stakeholders addressing the establishment of a permanent rule that would reinstate such a mechanism, known as a Tracker. The Board is proposing amendments to establish a Tracker with certain changes from the Tracker that is in the Board’s current rule 199—19.18(476).

These changes establish specific requirements for a Tracker mechanism and limit recovery of expenses for up to five years' worth of projects between rate cases. While a utility could continue to recover investments from those five years into subsequent years, no new capital cost could be recovered until the utility has a general rate proceeding and the Tracker resets.

In addition, the proposed amendments establish the cost of debt as the return on the investments in the Tracker and the cost of debt is to be based on the utility's most recent general gas or electric rate case. Finally, the Board is also proposing to simplify the eligibility requirements by focusing on safety-related projects and streamlining the recovery process by requiring projects to be preapproved for eligibility.

The order approving this Notice of Intended Action can be found on the Board's Electronic Filing System (EFS) Web site, <http://efs.iowa.gov>, in Docket No. RMU-2016-0007.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendments. The statement must be filed on or before March 21, 2017. The statement should be filed electronically through the Board's EFS. Instructions for making an electronic filing can be found on the EFS Web site at <http://efs.iowa.gov>. Filings shall comply with the format requirements in 199 IAC 2.2(2) and shall clearly state the author's name and address and make specific reference to Docket No. RMU-2016-0007. Paper comments may only be filed with approval of the Board.

An opportunity for interested persons to present oral comments on the proposed amendments will be held at 9 a.m. on April 20, 2017, in the Board's hearing room at 1375 E. Court Avenue, Room 69, Des Moines, Iowa. Persons with disabilities who require assistive services or devices to observe or participate should contact the Board at (515)725-7334 at least five days in advance of the scheduled date to request that appropriate arrangements be made.

After analysis and review, the Board tentatively concludes that the proposed amendments, if adopted, will not have a detrimental effect on employment in Iowa.

These amendments are intended to implement Iowa Code sections 476.2, 476.6, 476.8, 476.18, 476.20, 476.54, and 546.7.

The following amendments are proposed.

ITEM 1. Amend subrule 19.2(3) as follows:

19.2(3) Form and identification. All tariffs shall conform to the following rules:

a. The tariff shall be printed, typewritten or otherwise reproduced on 8½- × 11- inch sheets of durable white paper so as to result in a clear and permanent record. The sheets of the tariff should be ruled or spaced to set off a border on the left side suitable for binding. In the case of utilities subject to regulation by any federal agency, the format of sheets of tariff as filed with the board may be the same format as is required by the federal agency provided that the rules of the board as to title page; identity of superseding, replacing or revision sheets; identity of amending sheets; identity of the filing utility, issuing official, date of issue, effective date; and the words; "Gas Tariff Filed with Board" shall apply in the modification of the federal agency format for the purposes of filing with this board. Pursuant to 199—subrule 14.5(5), tariffs filed electronically shall be formatted in accordance with this rule.

b. The title page of every tariff and supplement shall show:

(1) The first page shall be the title page which shall show:

(Name of Public Utility)

Gas Tariff

Filed with

Iowa Utilities Board

(date)

~~(This requirement does not apply to tariffs or amendments filed with the board prior to April 1, 1982.)~~

(2) When a tariff is to be superseded or replaced in its entirety, the replacing tariff shall show on the upper right corner of its title page that it is a revision of a tariff on file and the number being superseded or replaced, for example:

Tariff No. _____

Supersedes Tariff No. _____

~~(This requirement does not apply to tariffs or amendments filed with the board prior to April 1, 1982.)~~

(3) and (4) No change.

c. and d. No change.

ITEM 2. Amend paragraph **19.3(1)“e”** as follows:

e. This rule shall not be construed to prohibit any utility from requiring more extensive individual metering than otherwise required by this rule if required pursuant to tariffs ~~filed with and~~ approved by the board.

ITEM 3. Rescind and reserve subrule **19.3(4)**.

ITEM 4. Amend subrule 19.3(5) as follows:

19.3(5) Meter register. If it is necessary to apply a multiplier to the meter readings, the multiplier must be marked on the face of the meter register or stenciled in weather resistant paint upon the front cover of the meter. Where remote meter reading is used, whether outdoor on-premises or off-premises-automated, the customers shall have a readable meter register at the meter as a means of verifying the accuracy of bills presented to them. A utility may comply with the requirements of this subrule by making the required information available via the Internet or other equivalent means.

ITEM 5. Amend subrule 19.3(6) as follows:

19.3(6) Prepayment meters. Prepayment meters shall not be geared or set so as to result in the charge of a rate or amount higher than would be paid if a standard type meter were used, except under ~~such special rate schedule as may be filed under 19.2(4)~~ tariffs approved by the board.

ITEM 6. Amend subrule 19.3(7) as follows:

19.3(7) Meter reading and billing interval. Readings of all meters used for determining charges and billings to customers shall be scheduled at least monthly and for the beginning and termination of service. Bills to larger customers may, for good cause, be rendered weekly or daily for a period not to exceed one month. Intervals other than monthly shall not be applied to smaller customers, or to larger customers after the initial month provided above, without ~~an exemption~~ a waiver from the board. A waiver request must include the information required by 199—1.3(17A,474,476,78GA,HF2206). If the board denies a waiver, or if a waiver is not sought with respect to a large volume customer after the initial month, that customer's bill shall be rendered monthly for the next 12 months, unless prior approval is received from the board for a shorter interval. The group of larger customers to which shorter billing intervals may be applied shall be specified in the utility's tariff sheets, but shall not include residential customers.

An effort shall be made to obtain readings of the meters on corresponding days of each meter-reading period. The utility rules may permit the customer to supply the meter readings by telephone, by electronic means, or on a form supplied by the utility. The utility may arrange for customer meter reading forms to be delivered to the utility by United States mail, electronically, or by hand delivery. The utility may arrange for the meter to be read by electronic means. Unless the utility has a plan to test check meter readings, a utility representative shall physically read the meter at least once each 12 months and when the utility is notified there is a change of customer.

~~The utility may arrange for the meter to be read by electronic means. Unless the utility has a plan to test check electronic meter readings, a utility representative shall physically read the meter at least once every 12 months.~~

ITEM 7. Rescind and reserve subrule **19.3(9)**.

ITEM 8. Amend paragraph **19.3(10)“a,”** definition of “Contribution in aid of construction,” as follows:

“*Contribution in aid of construction,*” as used in this subrule, means a nonrefundable cash payment grossed-up for the income tax effect of such revenue covering the costs of a ~~distribution main extension~~ or service line that are in excess of costs paid by the utility. The amount of tax shall be reduced by the present value of the tax benefits to be obtained by depreciating the property in determining the tax liability.

ITEM 9. Amend paragraphs **19.3(10)**“e” and “f” as follows:

e. Extensions not required. Utilities shall not be required to make distribution main extensions or attach service lines as described in this subrule, unless the distribution main extension or service line shall be of a permanent nature. When the utility renders a temporary service to a customer, the utility may require that the customer bear all of the cost of installing and removing the service in excess of any salvage realized.

f. Different payment arrangement. This subrule shall not be construed as prohibiting any utility from making a contract with a customer using a different payment arrangement, if the contract provides a more favorable payment arrangement to the customer, so long as no discrimination is practiced among similarly situated customers.

ITEM 10. Amend paragraphs **19.4(1)**“c,” “d” and “f” as follows:

c. Notify customers affected by a change in rates or schedule classification in the manner provided in the rules of practice and procedure before the board. (~~199—7.4(476)~~ 199—26.5(476))

d. Post a notice in a conspicuous place in each office of the utility where applications for service are received, informing the public that copies of the rate schedules and rules relating to the service of the utility, as filed with the board, are available for public inspection. If the utility provides access to its rate schedules and rules for service on its Web site, the notice ~~should~~ shall include the Web site address.

f. State, on the bill form, that tariff and rate schedule information is available upon request at the utility’s local business office. If the utility provides access to its tariff and rate schedules on its Web site, the statement shall include the Web site address.

ITEM 11. Rescind paragraph **19.4(1)**“i” and subrule **19.4(14)**.

ITEM 12. Renumber subrules **19.4(2)** to **19.4(13)** as **19.4(3)** to **19.4(14)**.

ITEM 13. Adopt the following new subrule 19.4(2):

19.4(2) Customer contact employee qualifications. Each utility shall promptly and courteously resolve inquiries for information or complaints. Employees who receive customer telephone calls and office visits shall be qualified and trained in screening and resolving complaints, to avoid a preliminary recitation of the entire complaint to employees without ability and authority to act. The employee shall provide identification to the customer that will enable the customer to reach that employee again if needed.

Each utility shall notify its customers, by bill insert or notice on the bill form, of the address and telephone number where a utility representative qualified to assist in resolving the complaint can be reached. The bill insert or notice shall also include the following statement: “If (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321 or toll-free 1-877-565-4450, or by writing to 1375 E. Court Avenue, Room 69, Des Moines, Iowa 50319-0069, or by e-mail to customer@iub.iowa.gov.”

The bill insert or notice for municipal utilities shall include the following statement: “If your complaint is related to service disconnection, safety, or renewable energy, and (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321, or toll-free 1-877-565-4450, by writing to 1375 E. Court Avenue, Room 69, Des Moines, Iowa 50319-0069, or by e-mail to customer@iub.iowa.gov.”

The bill insert or notice on the bill form shall be provided monthly by utilities serving more than 50,000 Iowa retail customers and no less than annually by all other natural gas utilities. Any utility which does not use the standard statement described in this subrule shall file its proposed statement in its tariff for approval. A utility that bills by postcard may place an advertisement in a local newspaper of general circulation or a customer newsletter instead of a mailing. The advertisement must be of a type size that is easily legible and conspicuous and must contain the information set forth above.

ITEM 14. Amend renumbered subrule 19.4(7) as follows:

19.4(7) Deposit refund. A deposit shall be refunded after 12 consecutive months of prompt payment (which may be 11 timely payments and one automatic forgiveness of late payment), unless the utility is entitled to require a new or additional deposit. For refund purposes, the account shall be reviewed after

12 months of service following the making of the deposit and for each 12-month interval terminating on the anniversary of the deposit. However, deposits received from customers subject to the exemption waiver provided by subrule 19.3(7), including surety deposits, may be retained by the utility until final billing. Upon termination of service, the deposit plus accumulated interest, less any unpaid utility bill of the customer, shall be reimbursed to the person who made the deposit.

ITEM 15. Amend renumbered subrule 19.4(9) as follows:

19.4(9) *Customer bill forms.* Each customer shall be informed as promptly as possible following the reading of the customer's meter, on bill form or otherwise, of the following:

a. to c. No change.

d. The applicable rate schedule ~~or~~ with the identification of the applicable rate ~~schedule~~ classification.

e. to i. No change.

ITEM 16. Amend renumbered subrule 19.4(10) as follows:

19.4(10) *Customer billing information alternate.* A utility serving fewer than 5000 gas customers may provide the information in ~~19.4(8)~~ 19.4(9) on bill form or otherwise. If the utility elects not to provide the information of ~~19.4(8)~~ 19.4(9) on the bill form, it shall advise the customer, on the bill form or by bill insert, that such information can be obtained by contacting the utility's local office.

ITEM 17. Amend renumbered subrule 19.4(11) as follows:

19.4(11) *Payment agreements.*

a. and b. No change.

c. *Terms of payment agreements.*

(1) ~~First payment agreement. The utility shall offer customers who have received a disconnection notice or have been disconnected 120 days or less and who are not in default of a payment agreement the option of spreading payments evenly over at least 12 months by paying specific amounts at scheduled times. The utility shall offer customers who have been disconnected more than 120 days and who are not in default of a payment agreement the option of spreading payments evenly over at least 6 months by paying specific amounts at scheduled times. The utility shall offer the following conditions to customers who have received a disconnection notice or have been previously disconnected and who are not in default of a payment agreement:~~

1. ~~The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules. The utility may also require the customer to enter into a level payment plan to pay the current bill.~~

2. ~~When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.~~

3. ~~The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility shall render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement or electronic agreement. The document will be considered rendered to the customer when addressed to the customer's last known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement or electronic agreement.~~

4. ~~Each customer entering into a first payment agreement shall be granted at least one late payment that is made four days or less beyond the due date for payment and the first payment agreement shall remain in effect.~~

1. For customers who received a disconnection notice or have been disconnected less than 120 days and are not in default of a payment agreement, the utility shall offer an agreement with at least 12 monthly payments. For customers who have been disconnected more than 120 days and are not in default of a payment agreement, the utility shall offer an agreement with at least 6 monthly payments.

2. The agreement shall also include provision for payment of the current account.

3. The utility may also require the customer to enter into a budget billing plan to pay the current bill.

4. When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.

5. The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission.

6. When the customer makes the agreement over the telephone or through electronic transmission, the utility shall provide to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement or electronic agreement.

7. The document will be considered rendered to the customer when addressed to the customer's last-known address and deposited in the U.S. mail with postage paid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service.

8. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached.

9. By making the first payment, the customer confirms acceptance of the terms of the oral or electronic agreement.

10. Each customer entering into a first payment agreement shall be granted at least one late payment that is four days or less beyond the due date for payment, and the first payment agreement shall remain in effect.

11. The payment is due on the due date for the next regular bill.

(2) *Second payment agreement.* The utility shall offer a second payment agreement to a customer who is in default of a first payment agreement if the customer has made at least two consecutive full payments under the first payment agreement.

1. The second payment agreement shall be for the same term as or for a term longer than the term of the first payment agreement.

2. The customer shall be required to pay for current service in addition to the monthly payments under the second payment agreement and may be required to make the first payment up-front as a condition of entering into the second payment agreement.

3. The utility may also require the customer to enter into a ~~level-payment~~ budget billing plan to pay the current bill.

(3) *Additional payment agreements.* The utility may offer additional payment agreements to the customer.

d. No change.

ITEM 18. Amend renumbered subrule 19.4(12) as follows:

19.4(12) Bill payment terms. The bill shall be considered rendered to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the bill shall be considered rendered when delivered to the last-known address of the party responsible for payment. There shall be not less than 20 days between the rendering of a bill and the date by which the account becomes delinquent. Bills for customers on more frequent billing intervals under subrule 19.3(7) may not be considered delinquent less than 5 days from the date of rendering. However, a late payment charge may not be assessed if payment is received within 20 days of the date the bill is rendered.

a. The date of delinquency for all residential customers or other customers whose consumption is less than 250 ccf per month shall be changeable for cause ~~in writing~~; such as, but not limited to, 15 days from approximate date each month upon which income is received by the person responsible for payment. In no case, however, shall the utility be required to delay the date of delinquency more than 30 days beyond the date of preparation of the previous bill.

b. to d. No change.

e. ~~Level-payment~~ Budget billing plan. Utilities shall offer a ~~level-payment~~ budget billing plan to all residential customers or other customers whose consumption is less than 250 ccf per month. A ~~level-payment~~ budget billing plan should be designed to limit the volatility of a customer's bill and maintain reasonable account balances. The ~~level-payment~~ budget billing plan shall include at least the following:

(1) Be offered to each eligible customer when the customer initially requests service. The plan may be estimated if there is insufficient usage history to create a budget billing plan based on actual use.

(2) Allow for entry into the ~~level-payment~~ budget billing plan anytime during the calendar year.

(3) Provide that a customer may request termination of the plan at any time. If the customer's account is in arrears at the time of termination, the balance shall be due and payable at the time of termination. If there is a credit balance, the customer shall be allowed the option of obtaining a refund or applying the credit to future charges. A utility is not required to offer a new ~~level-payment~~ budget billing plan to a customer for six months after the customer has terminated from a ~~level-payment~~ budget billing plan.

(4) Use a computation method that produces a reasonable monthly ~~level-payment~~ budget billing amount, which may take into account forward-looking factors such as fuel price and weather forecasts, and that complies with requirements in ~~19.4(11)“e”(4)~~ this subrule. The computation method used by the utility shall be described in the utility's tariff and shall be subject to board approval. The utility shall give notice to customers when it changes the type of computation method in the ~~level-payment~~ budget billing plan.

The amount to be paid at each billing interval by a customer on a ~~level-payment~~ budget billing plan shall be computed at the time of entry into the plan and shall be recomputed at least annually. The ~~level-payment~~ budget billing amount may be recomputed monthly, quarterly, when requested by the customer, or whenever price, consumption, or a combination of factors results in a new estimate differing by 10 percent or more from that in use.

When the ~~level-payment~~ budget billing amount is recomputed, the ~~level-payment~~ budget billing plan account balance shall be divided by 12, and the resulting amount shall be added to the estimated monthly ~~level-payment~~ budget billing amount. Except when a utility has a ~~level-payment~~ budget billing plan that recomputes the ~~level-payment~~ budget billing amount monthly, the customer shall be given the option of applying any credit to payments of subsequent months' ~~level-payment~~ budget billing amounts due or of obtaining a refund of any credit in excess of \$25.

Except when a utility has a ~~level-payment~~ budget billing plan that recomputes the ~~level-payment~~ budget billing amount monthly, the customer shall be notified of the recomputed payment amount not less than one full billing cycle prior to the date of delinquency for the recomputed payment. The notice may accompany the bill prior to the bill that is affected by the recomputed payment amount.

(5) Irrespective of the account balance, a delinquency in payment shall be subject to the same collection and disconnection procedures as other accounts, with the late payment charge applied to the ~~level-payment~~ budget billing amount. If the account balance is a credit, the ~~level-payment~~ budget billing plan may be terminated by the utility after 30 days of delinquency.

ITEM 19. Amend renumbered subrule 19.4(13) as follows:

19.4(13) Customer records. The utility shall retain customer billing records for the length of time necessary to permit the utility to comply with ~~19.4(13)~~ 19.4(14) but not less than ~~three~~ five years. Customer billing records shall show, where applicable:

a. Therm reading.

b. Therm consumption.

c. Meter reading.

d. Total amount of bill.

ITEM 20. Amend renumbered subrule **19.4(14)** by adopting the following **new** paragraph “f”:

f. Credits and explanations. Credits due a customer because of meter inaccuracies, errors in billing, or misapplication of rates shall be separately identified.

ITEM 21. Amend subparagraph **19.4(15)“d”(3)**, introductory paragraph, as follows:

(3) The summary of the rights and responsibilities must be approved by the board. Any utility providing gas service and defined as a public utility in Iowa Code section 476.1 which does not use the standard form set forth below for customers billed monthly shall submit to the board ~~an original and six copies of electronically~~ its proposed form for approval. A utility billing a combination customer for both gas and electric service may modify the standard form to replace each use of the word “gas” with the words “gas and electric” in all instances.

ITEM 22. Amend subparagraph **19.4(15)“d”(3)**, Customer Rights and Responsibilities form, paragraph “7,” as follows:

7. How will I be told the utility is going to shut off my gas service?

a. You must be given a written notice at least 12 days before the utility service can be shut off for nonpayment. This notice will include the reason for shutting off your service.

b. If you have not made payments required by an agreed-upon payment plan, your service may be disconnected with only one day’s notice.

c. The utility must also try to reach you by telephone or in person before it shuts off your service. From November 1 through April 1, if the utility cannot reach you by telephone or in person, the utility will put a written notice on the door or another conspicuous place of your residence to tell you that your utility service will be shut off.

ITEM 23. Amend subparagraph **19.4(15)“d”(4)** as follows:

(4) When disconnecting service to a residence, made a diligent attempt to contact, by telephone or in person, the customer responsible for payment for service to the residence to inform the customer of the pending disconnection and the customer’s rights and responsibilities. During the period from November 1 through April 1, if the attempt at customer contact fails, the premises shall be posted at least one day prior to disconnection with a notice informing the customer of the pending disconnection and rights and responsibilities available to avoid disconnection.

If an attempt at personal or telephone contact of a customer occupying a rental unit has been unsuccessful, the landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, the customer’s present location. The landlord shall also be informed of the date when service may be disconnected. The landlord shall be notified at least 48 hours prior to disconnection of service to a tenant.

If the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with a notice informing any occupants of the date when service will be disconnected and the reasons for the disconnection.

ITEM 24. Amend subparagraph **19.4(15)“d”(7)** as follows:

(7) Severe cold weather. A disconnection may not take place where gas is used as the only source of space heating or to control or operate the only space heating equipment at a residence ~~on any day when the actual temperature or the 24-hour forecast of the National Weather Service forecast for the following 24 hours covering the area in which the residence is located includes a forecast that the temperature will~~ residence’s area is predicted to be 20 degrees Fahrenheit or colder. In any case where ~~If the utility has properly posted a disconnect notice in compliance with subparagraph 19.4(15)“d”(4) but is precluded from disconnecting service because of a National Weather Service forecast severe cold weather,~~ the utility may immediately proceed with appropriate disconnection procedures, without further notice, when the temperature in the residence’s area where the residence is located rises above 20 degrees Fahrenheit and is forecasted to be remain above 20 degrees Fahrenheit for at least 24 hours, unless the

customer has paid in full the past due amount or is otherwise entitled to postponement of disconnection, under some other provision of paragraph 19.4(15)“d.”

ITEM 25. Amend paragraph **19.4(15)“f”** as follows:

f. A utility may disconnect gas service without the written 12-day notice for failure of the customer to comply with the terms of a payment agreement, except as provided in numbered paragraph ~~19.4(10)“e”(1)“4,”~~ 19.4(11)“c”(1)“4,” provided the utility complies with the provisions of paragraph 19.4(15)“d.”

ITEM 26. Amend subrule 19.4(16) as follows:

19.4(16) *Insufficient reasons for denying service.* The following shall not constitute sufficient cause for refusal of service to a customer:

a. to *d.* No change.

e. Failure to pay the back bill rendered in accordance with paragraph ~~19.4(13)“b”~~ 19.4(14)“b” (slow meters).

f. Failure to pay adjusted bills based on the undercharges set forth in paragraph ~~19.4(13)“e.”~~ 19.4(14)“e.”

g. Failure of a residential customer to pay a deposit during the period November 1 through April 1 for the location at which the customer has been receiving service in the customer’s name.

h. No change.

i. Delinquency in payment for service arising more than ten years prior, as measured from the most recent of the last date of service, physical disconnection of service, or the last voluntary payment or written voluntary promise of payment made by the customer prior to the expiration of the ten-year period.

ITEM 27. Amend subrule 19.6(6) as follows:

19.6(6) *Referee tests.* Upon written request by a customer or utility, the board will conduct a referee test of a meter. A test need not be made more frequently than once in 18 months. The customer request shall be accompanied by a \$30 deposit in the form of a check or money order made payable to the utility.

Within 5 days of receipt of the written request and payment, the board shall forward the deposit to the utility and notify the utility of the requirement for a test. The utility shall, within 30 days after notification of the request, schedule the date, time and place of the test with the board and customer. The meter shall not be removed or adjusted before the test. The utility shall furnish all testing equipment and facilities for the test. If the tested meter is found to be more than 2 percent fast or 2 percent slow, the deposit will be returned to the party requesting the test and billing adjustments shall be made as required in ~~19.4(13)~~ 19.4(14). The board shall issue its report within 15 days after the test is conducted, with a copy to the customer and the utility.

ITEM 28. Amend subrule 19.10(1) as follows:

19.10(1) *Purchased gas adjustment clause.* ~~Purchased~~ Pursuant to Iowa Code section 476.6(11), purchased gas adjustments shall be computed separately for each customer classification or grouping previously approved by the board. Purchased gas adjustments shall use the same unit of measure as the utility’s tariffed rates. Purchased gas adjustments shall be calculated using factors filed in annual or periodic filings according to the following formula:

$$PGA = \frac{(C \times Rc) + (D \times Rd) + (Z \times Rz) + Rb + E}{S}$$

PGA is the purchased gas adjustment per unit.

S is the anticipated yearly gas commodity sales volume for each customer classification or grouping.

C is the volume of applicable commodity purchased ~~or transported~~ for each customer classification or grouping required to meet sales, S, plus the expected lost and unaccounted for volumes.

Rc is the weighted average of applicable commodity prices or rates, including appropriate hedging tools costs, to be in effect September 1 corresponding to purchases C.

D is the total volume of applicable entitlement reservation purchases required to meet sales, S, for each customer classification or grouping.

Rd is the weighted average of applicable entitlement reservation charges to be in effect September 1 corresponding to purchases D.

Z is the total quantity of applicable storage service purchases required to meet sales, S, for each customer classification or grouping.

Rz is the weighted average of applicable storage service rates to be in effect September 1 corresponding to purchases Z.

Rb is the adjusted amount necessary to obtain the anticipated balance for the remaining PGA year calculated by taking the anticipated PGA balance divided by the forecasted volumes, including storage, for one or more months of the remaining PGA year.

E is the per unit overcollection or undercollection adjustment as calculated under subrule 19.10(7).

The components of the formula shall be determined as follows for each customer classification or grouping:

a. to d. No change.

ITEM 29. Amend subrule 19.10(7) as follows:

19.10(7) Reconciliation of underbillings and overbillings. The utility shall file with the board on or before October 1 of each year a purchased gas adjustment reconciliation for the 12-month period which began on September 1 of the previous year. This reconciliation shall be the actual net invoiced costs of purchased gas and appropriate financial hedging tools costs less the actual revenue billed through its purchased gas adjustment clause net of the prior year's reconciliation dollars for each customer classification or grouping. Actual net costs for purchased gas shall be the applicable invoice costs from all appropriate sources associated with the time period of usage.

Negative differences in the reconciliation shall be considered overbilling by the utility, and positive differences shall be considered underbilling. This reconciliation shall be filed with all worksheets and detailed supporting data for each particular purchased gas adjustment clause. Penalty purchases shall only be includable where the utility clearly demonstrates a net savings.

a. The annual reconciliation filing shall include the following information concerning the hedging tools used by the utility:

(1) The type and volume of physical gas being hedged by the utility and the strategies used by the utility for hedging.

(2) The reason the hedge each hedging strategy was undertaken (e.g., to hedge storage gas, a floating price contract).

(3) A statement as to how each hedging strategy was consistent with the local distribution company's natural gas procurement plan.

(4) An explanation as to why the local distribution company believes each hedging strategy was in the best interest of general system customers.

~~(3) (5)~~ A detailed explanation of the instruments used to implement each hedging strategy (e.g., costless collar, straddled costless collar, purchasing or selling options, fixed-price purchases, future contracts, basis swaps, fixed-price swaps, call options, put options, option collars).

~~(4) The date the futures contract or option was purchased or the date the swap was entered into.~~

~~(5) The spot price of gas at the time the hedge was made, including an explanation of how the spot price was determined including the index or indices used.~~

~~(6) The amount of all commissions paid and to whom those payments were made.~~

~~(7) All administrative costs associated with the hedge.~~

~~(8) The name(s) of all marketers used and the amount of money paid to each marketer.~~

~~(9) The amount of savings or costs resulting from the hedge.~~

~~(10) (7) The amount of money tied up or other collateral held in margin accounts for futures trading and the cost of that money or provided to counterparties as credit support for hedging transactions.~~

~~(8) The amount of all other third-party administrative or contracting costs paid and to whom those costs were paid.~~

~~(9) The name of each hedging counterparty and the amount of money paid to or received from each counterparty with respect to hedging (e.g., option premiums, financial settlement of gains or losses).~~

(10) Detailed reports or schedules of each hedging strategy, including the following information for each hedging instrument entered into by the utility:

1. The type of hedging instrument.
2. The date on which the hedging instrument was entered into by the utility.
3. The name of the counterparty with whom the hedging instrument was entered into.
4. The notional quantity of natural gas associated with the hedging instrument.
5. The notional delivery period associated with the hedging instrument.
6. The total amount of gains or losses realized by the utility on the hedging instrument.
7. For each futures contract or fixed-price purchase or sale, the fixed price paid or received by the utility and the final settlement price for the futures contract.
8. For each swap contract, the fixed price or index price paid by the utility, the index price or fixed price received by the utility, and the final settlement price of each applicable index referenced in the swap contract.
9. For each option contract, the underlying futures contract or index price referenced in the option contract, the strike price for the option, the premium paid or received by the utility for the option, and the final settlement price for the futures contract or index price referenced in the option.
10. For any other hedging instruments, relevant economic terms, conditions, reference prices, and other factors to support calculations of gains or losses associated with such instruments.
11. For the total natural gas volumes hedged during the PGA year, the fully hedged price of gas and the price if the gas had not been hedged.

~~(11) The premium paid for each option.~~
~~(12) The strike price of each option.~~
~~(13) The contracting costs for each swap transaction.~~
~~(14) The name of the fixed-price payer in a swap transaction.~~
~~(15) A statement as to how the hedge is consistent with the LDC's natural gas procurement plan.~~
~~(16) An explanation as to why the LDC believes the hedge was in the best interest of general system customers.~~

~~(17) All invoices, work papers, and internal reports associated with the hedge.~~

b. No change.

c. Any overbilling determined from the reconciliation shall be refunded to the customer classification or grouping from which it was generated. The overbilling shall be divided by the annual cost of purchased gas subject to recovery for the 12-month period which began the prior September 1 for each purchased gas adjustment clause and applied as follows:

(1) If the net overbilling from the purchased gas adjustment reconciliation exceeds ~~3 percent~~ the applicable percentage of the annual cost of purchased gas subject to recovery for a specific customer classification or grouping, the utility shall refund the overbilling by bill credit or check starting on the first day of billing in the November billing cycle of the current year. The minimum amount to be refunded by check shall be \$10. Interest shall be calculated on amounts exceeding ~~3 percent~~ the applicable percentage from the PGA year midpoint to the date of refunding. The interest rate shall be the dealer commercial paper rate (90-day, high-grade unsecured notes) quoted in the "Money Rates" section of the Wall Street Journal on the last working day of August of the current year.

(2) If the net overbilling from the purchased gas adjustment reconciliation does not exceed ~~3 percent~~ the applicable percentage of the annual cost of purchased gas subject to recovery for a specific customer classification or grouping, the utility may refund the overbilling by bill credit or check starting on the first day of billing in the November billing cycle of the current year, or the utility may refund the overbilling through ten-month adjustments to the particular purchased gas adjustment from which they were generated. The minimum amount to be refunded by check shall be \$10. This adjustment shall be determined by dividing the overcollection by the anticipated sales volume for the prospective ten-month period beginning November 1 as determined in subrule 19.10(1) for the applicable purchased gas adjustment clause. The quotient, determined on the same basis as the utility's tariff rates, shall be a reduction to that particular purchased gas adjustment for the prospective ten-month period beginning November 1.

(3) The overbilling percentage applicable to utilities serving fewer than 10,000 customers is 10 percent. For utilities serving 10,000 or more customers, the applicable percentage is 3 percent.

d. No change.

ITEM 30. Amend rule 199—19.11(476), catchwords, as follows:

199—19.11(476) Periodic review of gas procurement practices ~~[476.6(15)]~~.

ITEM 31. Amend subrule 19.11(1) as follows:

19.11(1) *Procurement plan.* ~~The~~ Pursuant to Iowa Code section 476.6(11), the board shall periodically conduct a contested case proceeding for the purpose of evaluating the reasonableness and prudence of a rate-regulated public utility's natural gas procurement and contracting practices. The board shall provide the utilities 90 days' notice of the requirement to file a procurement plan. In the years in which the board does not conduct a contested case proceeding, the board may require the utilities to file certain information for the board's review. In years in which the board conducts a full proceeding, a rate-regulated utility shall file prepared direct testimony and exhibits in support of a detailed 12-month plan and a 3-year natural gas procurement plan. A utility's procurement plan shall be organized as follows and shall include:

a. No change.

b. ~~All contracts and gas supply arrangements executed or in effect for obtaining gas and all supply arrangements planned for the future 12-month and 3-year periods.~~ A description of the utility's natural gas forecasting, procurement, and contracting practices; available supply options; and other available services (e.g., storage services, balancing services).

c. An exhibit detailing the utility's current, 12-month, and 3-year forecasts of total annual throughput, peak day demand, and anticipated reserve margin on a PGA-year basis by customer class.

~~e.~~ d. An organizational description of the officer or division responsible for gas procurement and a summary of operating procedures and policies for procuring and evaluating gas contracts.

~~d.~~ e. A summary of the legal, and regulatory, and commercial actions taken to minimize purchased gas costs.

~~e.~~ f. All Copies of all studies or investigation reports supporting the utility's testimony or materially considered by the utility in gas purchase contract or arrangement contracting decisions during the plan periods.

~~f.~~ g. A complete list of all contracts executed since the last procurement review in effect at the time of the procurement plan filing. The list shall include the contract term, the applicable service, and the contracted quantities.

~~g.~~ A list of other unbundled services available (for example, storage services if offered).

h. A description of the supply options selected by the utility and an evaluation of the reasonableness and prudence of its contracting and procurement decisions. This evaluation should show the relationship between forecast and procurement.

ITEM 32. Renumber subrules **19.11(4)** to **19.11(6)** as **19.11(2)** to **19.11(4)**.

ITEM 33. Amend renumbered subrule 19.11(4), introductory paragraph, as follows:

19.11(4) *Executive summary.* On or before August 1, 2003 of each year, each natural gas utility shall file an executive summary and index of all standard and special contracts in effect for the purchase, sale or interchange of gas. On or before August 1 each year thereafter, each natural gas utility shall file an update of the executive summary and index showing the standard and special contracts in effect on that date for the purchase, sale or interchange of gas. The executive summary shall include the following information:

ITEM 34. Amend paragraph **19.12(2)“a”** as follows:

a. Natural gas utility companies may offer discounts to individual customers, to selected groups of customers, or to an entire class of customer customers. However, discounted rates must be offered to all directly competing customers in the same service territory. Customers are direct competitors if they make

the same end product (or offer the same service) for the same general group of customers. Customers that only produce component parts of the same end product are not directly competing customers.

ITEM 35. Amend subrule 19.12(4) as follows:

19.12(4) Reporting requirements. Each rate-regulated natural gas utility electing to offer flexible rates shall file annual reports with the board within 30 days of the end of each 12 months. Reports shall include the following information: report flexible-rate activity in the utility's annual report filed with the board.

~~a. Section 1 of the report concerns discounts initiated in the last 12 months. For all discounts initiated in the last 12 months, the report shall include:~~

- ~~(1) The identity of the new customers (by account number, if necessary);~~
- ~~(2) The value of the discount offered;~~
- ~~(3) The cost-benefit analysis results;~~
- ~~(4) The cost of alternate fuels available to the customer, if relevant;~~
- ~~(5) The volume of gas sold to or transported for the customer in the preceding 12 months; and~~
- ~~(6) A copy of all new or revised flexible rate contracts executed between the utility and its customers.~~

~~b. Section 2 of the report relates to overall program evaluation. For all discounts currently being offered, the report shall include:~~

- ~~(1) The identity of each customer (by account number, if necessary);~~
- ~~(2) The total volume of gas sold or transported in the last 12 months to each customer at discounted rates, by month;~~
- ~~(3) The volume of gas sold or transported to each customer in the same 12 months of the preceding year, by month;~~
- ~~(4) The dollar value of the discount in the last 12 months to each customer, by month;~~
- ~~(5) The dollar value of volumes sold or transported to each customer for each of the previous 12 months; and~~
- ~~(6) If customer charges are discounted, the dollar value of the discount shall be separately reported.~~

~~c. Section 3 of the report concerns discounts denied or discounts terminated. For all customers specifically evaluated and denied or having a discount terminated in the last 12 months, the report shall include:~~

- ~~(1) Customer identification (by account number, if necessary);~~
- ~~(2) The volume of gas sold or transported in the last 12 months to each customer, by month;~~
- ~~(3) The volume of gas sold or transported to each customer in the same 12 months of the preceding year, by month; and~~
- ~~(4) The dollar value of volumes sold or transported to each customer for each of the past 12 months.~~

~~d. No report is required if the utility had no customers receiving a discount during the relevant period and had no customers which were evaluated for the discount and rejected during the relevant period.~~

ITEM 36. Amend subrule 19.12(5) as follows:

19.12(5) Rate case treatment. In a rate case, 50 percent of any identifiable increase in net revenues will be used to reduce rates for all customers; the remaining 50 percent of the identifiable increase in net revenues may be kept by the utility. If there is a decrease in revenues due to the discount, the utility's test year revenues will be adjusted to remove the effects of the discount by assuming that all sales or transportation services or customer charges were provided made at full tariffed rate rates for the customer class. Determining the actual amount will be a factual determination to be made in the rate case.

ITEM 37. Amend subrule 19.13(3) as follows:

19.13(3) Transportation service charges. Transportation service shall be offered to at least the following classes:

- a. Interruptible distribution service with system supply reserve.
- b. Interruptible distribution service without system supply reserve.
- c. Firm distribution service with system supply reserve.

d. Firm distribution service without system supply reserve.

ITEM 38. Amend subrule 19.13(4) as follows:

19.13(4) *Transportation service charges and rates.* All rates and charges for transportation shall be based on the cost of providing the service.

a. “System supply reserve” service shall entitle the end-user to return to the system service to the extent of the interstate pipeline capacity purchased. The charge shall be at least equal to the administrative costs of monitoring the service, plus any other costs (including but not limited to gas demand costs which are directly assignable to the end-user).

b. End-users without system supply reserve service may only return to system service by paying an additional charge and are subject to the availability of adequate system interstate pipeline capacity. An end-user wishing to receive transportation service without system supply reserve must pay the utility for the discounted value of any contract between the utility and the end-user remaining in effect at the time of beginning transportation service. The discounted values shall include all directly assignable and identifiable costs (including but not limited to gas costs).

c. and d. No change.

~~e. Small volume transportation service. Rescinded IAB 4/28/04, effective 6/2/04.~~

~~f. Optional plan filing. Rescinded IAB 4/28/04, effective 6/2/04.~~

ITEM 39. Amend subrule 19.13(5) as follows:

19.13(5) *Reporting requirements.* A natural gas utility shall ~~file with the board two copies of each transportation contract entered into within 30 days of the date of execution~~ be required to provide a copy of information concerning transportation contracts upon request of the board, board staff, or the office of consumer advocate. ~~The utility may delete any information identifying the end-user and replace it with an identification number. The utility shall promptly supply the deleted information if requested by the board staff. The deleted information may be filed with a request for confidentiality, pursuant to 199 Iowa Administrative Code rule 1.9(22).~~

ITEM 40. Amend subrule **19.14(1)**, definition of “Competitive natural gas provider,” as follows:

“*Competitive natural gas provider*” or “*CNGP*” means a person who takes title to natural gas and sells it for consumption by a retail end user in the state of Iowa, and it also means an aggregator as defined in Iowa Code section 476.86. CNGP includes an affiliate of an Iowa public utility. CNGP excludes the following:

1. A public utility which is subject to rate regulation under Iowa Code chapter 476.
2. A municipally owned utility which provides natural gas service within its incorporated area or within the municipal natural gas competitive service area, as defined in Iowa Code section 437A.3(21)“a”(1) ~~437A.3(22)“a”(1)~~, in which the municipally owned utility is located.

ITEM 41. Amend subrule 19.14(2) as follows:

19.14(2) *General requirement to obtain certificate.* A CNGP shall not provide competitive natural gas services to an Iowa retail end user without a certificate approved by the board pursuant to Iowa Code section 476.87. ~~An exception to this requirement is a CNGP that has provided service to retail customers before April 25, 2001. A CNGP subject to this exception shall file for a certificate under the provisions of this rule on or before June 1, 2001, to continue providing service pending the approval of the certificate.~~

ITEM 42. Amend subrule 19.14(4) as follows:

19.14(4) *Deficiencies and board determination.* The board shall act on a certification application within 90 days unless it determines an additional 60 days is necessary. Applications will be considered complete and the 90-day period will commence when all required items are submitted. Applicants will be notified of deficiencies and ~~given 30 days to complete applications~~. Applicants will be notified when their application is complete and the 90-day period commences.

ITEM 43. Amend paragraph **19.14(6)“a”** as follows:

a. *Customer deposits.* Compliance with the following provisions shall apply to customers whose usage does not exceed 2500 therms in any month or 10,000 therms in any consecutive 12-month period.

Customer deposits – subrule ~~19.4(2)~~ 19.4(3).

Interest on customer deposits – subrule ~~19.4(3)~~ 19.4(4).
Customer deposit records – subrule ~~19.4(4)~~ 19.4(5).
Customer’s receipt for a deposit – subrule ~~19.4(5)~~ 19.4(6).
Deposit refund – subrule ~~19.4(6)~~ 19.4(7).
Unclaimed deposits – subrule ~~19.4(7)~~ 19.4(8).

ITEM 44. Amend subrule 19.15(1) as follows:

19.15(1) *Applicability and purpose.* This rule applies to each gas public utility, as defined in Iowa Code sections 476.1 and 476.1B. ~~Each~~ Pursuant to Iowa Code section 476.66, each utility shall maintain a program plan to assist the utility’s low-income customers with weatherization and to supplement assistance received under the federal low-income home energy assistance program for the payment of winter heating bills.

ITEM 45. Rescind subrules **19.15(2)** and **19.15(6)**.

ITEM 46. Renumber subrules **19.15(3)** to **19.15(5)** as **19.15(2)** to **19.15(4)**.

ITEM 47. Amend renumbered subrule 19.15(2), introductory paragraph, as follows:

19.15(2) *Notification.* Each utility shall notify all customers of the fund at least twice a year. The method of notice which will ensure the most comprehensive notification to the utility’s customers shall be employed. Upon commencement of service and at least once a year, the notice shall be mailed or personally delivered to all customers, or rendered by electronic means to those customers who have consented to receiving electronic notices. The other required notice may be published in a local newspaper(s) of general circulation within the utility’s service territory. A utility serving fewer than 6,000 customers may publish ~~their~~ its semiannual notices locally in a free newspaper, utility newsletter or shopper’s guide instead of a newspaper. At a minimum, the notice shall include:

ITEM 48. Amend renumbered subrule 19.15(3) as follows:

19.15(3) *Methods of contribution.* The utility shall provide for contributions as monthly pledges, as well as one-time or periodic contributions. A pledge by a customer or other party shall not be construed to be a binding contract between the utility and the pledgor. The pledge amount shall not be subject to delayed payment charges by the utility. Each utility may allow persons or organizations to contribute matching funds.

ITEM 49. Amend subparagraph **19.18(1)“b”(3)** as follows:

(3) Replaces or modifies existing infrastructure ~~required by state or local government action or is required~~ to meet state or federal natural gas pipeline safety regulations or to otherwise enhance safety as approved in advance by the board. The utility shall make an annual filing with the board to seek advance determination of projects that meet this criterion.

ITEM 50. Rescind paragraph **19.18(1)“c.”**

ITEM 51. Amend subrule 19.18(2) as follows:

19.18(2) *Determination of recovery factor.* The utility may recover a rate of return and depreciation expense associated with eligible capital infrastructure investments described in subrule 19.18(1). The allowed rate of return shall be the approved average cost of debt from the utility’s ~~last~~ most recent general gas or electric rate review proceeding before the board. Depreciation expense shall be based upon the depreciation rates allowed by the board in the utility’s ~~last~~ most recent general gas rate review proceeding before the board.

ITEM 52. Amend subrule 19.18(3) as follows:

19.18(3) *Recovery procedures.*

a. To recover capital infrastructure investment costs that meet the criteria in paragraph 19.18(1)“a” through an automatic adjustment mechanism, the utility is required to obtain prior board approval of the automatic adjustment mechanism. The utility shall file information in support of the proposed automatic adjustment mechanism that includes:

(1) to (4) No change.

(5) A description of proposed recovery procedures, if different from the procedures described in ~~paragraphs~~ paragraph 19.18(3) “c” and “d”; and

(6) No change.

b. Recovery of capital infrastructure investment costs that meet the requirements in paragraph 19.18(1) “b” may be made by the utility by filing a proposed tariff with a 30-day effective date no later than April 1 of each year. Only one tariff filing to recover capital infrastructure investment costs shall be made in a 12-month period. After [the effective date of this amendment], any recovery previously approved shall be aligned with an April 1 filing period when the utility next seeks recovery under this rule. The utility shall file information in support of the proposed automatic adjustment rates that includes:

(1) ~~The government entity mandate or action, including compliance with an integrity or safety plan adopted by the gas utility to comply with any such mandate or action, that results in the gas utility project and the purpose of the project, or the safety-related reason requiring the project. Proof that the capital infrastructure investment is a project that was approved in advance by the board as specified in 19.18(1) “b”(3).~~

(2) No change.

(3) The cost of debt from the utility’s most recent general gas or electric rate review proceeding before the board and the applicable depreciation rates from the utility’s last most recent general gas rate review proceeding before the board.

(4) and (5) No change.

(6) ~~If the capital infrastructure investment to be included in the automatic adjustment mechanism is based upon an integrity or safety plan adopted in compliance with state or federal natural gas pipeline safety regulations, describe the relationship of the capital infrastructure investment to the integrity or safety plan and the relationship of the integrity or safety plan to a specific state or federal regulation. Provide the date the state or federal regulation was adopted, any relevant compliance dates, and the date the integrity or safety plan was adopted by the utility and how the integrity or safety plan was developed.~~

c. The utility shall calculate the rates for the recovery of the capital infrastructure investment through the automatic adjustment mechanism over the 12-month period beginning from the effective date of the tariff, unless otherwise ordered by the board. Unless otherwise specified in an approved tariff, the capital infrastructure investment factor shall be calculated by taking the total eligible investment costs for the prior calendar year divided by the actual prior calendar year’s sales volumes with the necessary degree-day adjustments. The utility may also use the degree-day adjustment that the utility utilized in the most recent purchased gas adjustment annual filing or any other appropriate degree-day adjustment. The degree-day adjustment shall not be determinative of any weather normalization adjustment in any future rate case. The calculated rate shall include a reconciliation that reconciles the actual revenue recovered through the automatic adjustment mechanism with the costs of the eligible capital infrastructure investments proposed to be recovered over the previous collection period. Unless otherwise specified in an approved tariff, the capital infrastructure investment factor shall be recovered by a fixed monthly surcharge to customers, to be determined by totaling eligible investment costs for the prior calendar year, adjusted for the reconciliation amount, then dividing the total recovery amount among customer classes based upon the utility’s most recent approved cost of service study, dividing the class recovery amounts by the number of months in the recovery period, and then dividing the assigned costs by the number of customers in each respective class. The recovery amount will be limited to annual depreciation plus a return on the undepreciated balance based on the cost of debt.

d. ~~The utility shall file an annual reconciliation within 60 days of the end of the 12-month period each year after the initial year in which the automatic adjustment mechanism is implemented that reconciles the actual revenue recovered through the automatic adjustment mechanism with the costs of the eligible capital infrastructure investments proposed to be recovered. The reconciliation shall be for the 12-month period beginning with the effective date of the tariff. Any over-recoveries or under-recoveries from the reconciliation shall be recovered over the ten-month period from the effective date of any adjustment required by the reconciliation.~~

e. ~~d.~~ Recovery of a return on and return of capital infrastructure investment that is eligible for recovery pursuant to an automatic adjustment mechanism, including any recoveries approved under this

~~rule~~ prior to [the effective date of this amendment], shall continue until the effective date of temporary rates in a subsequent general rate proceeding or, if temporary rates are not implemented, until final rates approved by the board in the utility's next general rate proceeding. To continue recovery, a utility shall file a proposed tariff each year. Once temporary or final rates approved by the board in the next general rate proceeding are effective, the automatic adjustment mechanism shall reset to zero. No more than five years of capital investment recovery, including any recoveries approved prior to [the effective date of this amendment], shall be allowed between general rate proceedings.